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Jiyi Holdings Limited
集一控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1495)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

Wings Securities (HK) Limited



金鵬證券

WINGS SECURITIES
since 1992

On 14 July 2022 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place, on a best effort basis and through the Placing Agent, up to an aggregate of 145,450,000 new Shares to not less than six Placées at the placing price of HK\$0.55 per Placing Share.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the Placing Shares represent (i) approximately 13.56% of the existing issued share capital of the Company, and (ii) 11.94% of the issued share capital of the Company as enlarged by the issue of the Placing Shares.

The Placing is conditional upon the Stock Exchange granting the listing of and permission to deal in the Placing Shares.

Assuming all the Placing Shares were allotted and issued, the gross proceeds of the Placing will amount to approximately HK\$80 million and the net proceeds receivable by the Company under the Placing are estimated to be approximately HK\$78.8 million after deducting relevant expenses incurred in relation to the Placing.

It is expected that approximately HK\$78.8 million, representing all of the net proceeds from the Placing, will be used as working capital to finance the expansion of the Group's existing business segment of the provision of interior design and engineering services by providing funding to the Group's existing projects and allowing the Group to place bids on larger-scale project tenders and business opportunities with our corporate and governmental clients.

Shareholders and potential investors should note that the Placing is subject to the fulfillment of the conditions under the Placing Agreement as set out in the section headed "Conditions of the Placing". As the Placing may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date: 14 July 2022 (after trading hours)

Parties: Issuer: the Company

Placing Agent: Wings Securities (HK) Limited

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Number of Placing Shares

The Placing Agent has conditionally agreed with the Company to place, on a best effort basis, to not less than six Places, up to an aggregate of 145,450,000 new ordinary Shares of the Company.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the Placing Shares represent approximately 13.56% of the existing issued share capital of the Company and 11.94% of the issued share capital of the Company as enlarged by the issue of the Placing Shares.

The Placing Shares will rank, upon issue, pari passu in all respect with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placees

The Placing Agent will, on a best effort basis, place the Placing Shares to not less than six Placees who and whose ultimate beneficial owners are not connected persons of the Company and are third parties independent of, and not connected with, the Company, any Director(s), chief executive or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associates. It is not expected that the Placing Agent or any Placees will become a substantial shareholder of the Company as a result of the Placing.

Placing Price and commission payable to the Placing Agent

The Placing Price of HK\$0.55 represents:

- (i) a discount of approximately 3.51% to the closing price of HK\$0.57 per Share as quoted on the Stock Exchange as at the date of the Placing Agreement; and
- (ii) a discount of approximately 5.17% to the average closing price of HK\$0.58 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 13 July 2022, the last trading day immediately preceding the date of the Placing Agreement.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent and was determined with the current trading price of the Shares. The Directors consider that the Placing Price is fair and reasonable under the current market conditions and hence the Placing is in the interests of the Company and the Shareholders as a whole.

Based on the closing price of the Shares of HK\$0.57 per share on 14 July 2022 (the date of the Placing Agreement), the Placing Shares have a market value of approximately HK\$82.9 million. Assuming the 145,450,000 Placing Shares are subscribed in full, the Placing Shares have an aggregate nominal value of HK\$14.5 million.

The Placing Agent will receive a placing commission of 1.5% of the sum equivalent to the Placing Price multiplied by the number of Placing Shares actually placed by the Placing Agent in the Placing. The Directors are of the view that the placing commission accords with the market rate and is fair and reasonable.

Application for the listing of the Placing Shares

An application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Placing Shares.

Conditions of the Placing

Completion of the Placing is conditional upon the satisfaction of the following:

- (i) the Listing Committee of the Stock Exchange agreeing to grant a listing of and permission to deal in the Placing Shares (either unconditionally or subject to conditions which are acceptable to the Company and the Placing Agent);
- (ii) all necessary written consents and approvals (if any) from the relevant authorities in respect of the Placing having been obtained by the Company, if applicable; and
- (iii) no representation, warranty or undertaking under the Placing Agreement having been breached in any material respect by the Company or is otherwise rendered inaccurate, untrue or misleading in any material respect, in each case on or prior to the Completion Date.

In the event of the conditions above not having been fulfilled by the Long Stop Date, all rights, obligations and liabilities of the parties hereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing, save for any antecedent breaches of the Placing Agreement.

Completion of the Placing

Completion of the Placing is expected to take place on the Completion Date.

Termination of the Placing Agreement

If at any time on or prior to 12:00 noon on the Completion Date:

- (i) there shall have been, since the date of the Placing Agreement, such a change in national or national financial, political or economic conditions or taxation or exchange controls as would, in the opinion of the Placing Agent, be likely to prejudice materially the consummation of the Placing; or
- (ii) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to the Completion Date which if it had occurred or arisen before the date hereof would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provisions of the Placing Agreement; or
- (iii) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise;

the Placing Agent may, after consulting with the Company (to a reasonably practicable extent), terminate the Placing Agreement by giving a written notice to the Company, provided that such notice is received prior to 12:00 noon on the Completion Date.

General mandate to issue the Placing Shares

The Placing Shares will be issued under the general mandate granted by the Shareholders to the Directors to issue Shares pursuant to the resolution passed on 2 June 2022 (the “General Mandate”) and therefore the Placing is not subject to Shareholders’ approval. As at the date of passing of such resolution on 2 June 2022, the Company had 1,072,371,612 Shares in issue, and the General Mandate granted to the Directors was to issue up to 214,474,322 Shares, representing 20% of the number of Shares in issue as at the date of the passing of the resolution.

As at the date of this announcement, no Shares have been issued pursuant to such general mandate, and the Company has not re-purchased any Shares in the 30 days immediately preceding the date of the Placing Agreement.

EFFECT ON THE SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE PLACING

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, hereinbelow is the shareholding structure of the Company immediately before and after completion of the Placing of Shares:

Shareholders	Shareholding as at the date of this announcement		Shareholding upon completion of the Placing	
	<i>Number of shares</i>	<i>% (Note 1)</i>	<i>Number of shares</i>	<i>%</i>
Hou Wei (<i>Note 2</i>)	547,951,431	51.10	547,951,431	44.99
Cithara Global Multi-Strategy SPC	64,000,000	5.97	64,000,000	5.26
Yiju Holdings Limited (<i>Note 3</i>)	55,263,000	5.15	55,263,000	4.54
Placees	0	0.00	145,450,000	11.94
Public Shareholders (<i>Note 4</i>)	405,157,181	37.78	405,157,181	33.27
Total	<u>1,072,371,612</u>	<u>100.00</u>	<u>1,217,821,612</u>	<u>100.00</u>

Notes:

- The percentage figures were calculated based on 1,072,371,612 Shares with a par value of HK\$0.1 each in issue as of 14 July 2022.
- As at the date of this announcement, Xinling Limited was the registered holder of 449,198,363 Shares and Ms. Hou Wei is the sole shareholder of Xinling Limited. Under Part XV of the SFO, Ms. Hou Wei was therefore deemed to have interest in 449,198,363 Shares in which Xinling Limited was interested. Ms. Hou Wei also had a personal shareholding of 98,753,068 Shares.
- As at the date of this announcement, Yiju Holdings Limited was the registered holder of 55,263,000 Shares and Mr. Liu Shui is the sole shareholder of Yiju Holdings Limited. Under Part XV of the SFO, Mr. Liu Shui was therefore deemed to have interests in 55,263,000 Shares in which Yiju Holdings Limited was interested.
- Assuming all the Placing Shares would be allotted and issued upon completion of the Placing.

CAPITAL-RAISING ACTIVITIES IN THE PAST 12 MONTHS

On 25 January 2022, the Company allotted and issued a total of 28,022,000 placing shares to not less than six placees at the placing price of HK\$1.2 per placing shares pursuant to the terms and conditions of the placing agreement signed between the Company and the placing agent dated 30 November 2021. The net proceeds (after deducting the placing commission and other related expenses and professional fees) from the placing amounted to approximately HK\$33.1 million. Please refer to the announcements of the Company dated 30 November 2021, 20 December 2021, 11 January 2022, 12 January 2022 and 26 January 2022 for further details.

On 15 March 2022, the Company allotted and issued a total of 48,000,000 placing shares to not less than six placees at the placing price of HK\$0.9 per placing shares pursuant to the terms and conditions of the placing agreement signed between the Company and the placing agent dated 4 March 2022. The net proceeds (after deducting the placing commission and other related expenses and professional fees) from the placing amounted to approximately HK\$42.6 million. Please refer to the announcements of the Company dated 4 March 2022, 8 March 2022, 11 January 2022 and 15 March 2022 for further details.

On 28 April 2022, the Company allotted and issued a total of 56,000,000 placing shares to not less than six placees at the placing price of HK\$0.76 per placing shares pursuant to the terms and conditions of the placing agreement signed between the Company and the placing agent dated 22 April 2022. The net proceeds (after deducting the placing commission and other related expenses and professional fees) from the placing amounted to approximately HK\$42 million. Please refer to the announcements of the Company dated 22 April 2022, 25 April 2022, and 28 April 2022 for further details.

On 31 May 2022, the Company allotted and issued a total of 41,431,833 placing shares to not less than six placees at the placing price of HK\$0.57 per placing shares pursuant to the terms and conditions of the placing agreement signed between the Company and the placing agent dated 20 May 2022. The net proceeds (after deducting the placing commission and other related expenses and professional fees) from the placing amounted to approximately HK\$23.3 million. Please refer to the announcements of the Company dated 20 May 2022 and 31 May 2022 for further details.

Date of Placing	Net Proceeds Raised (Approximately)	Proposed use of proceeds (Approximately)	Actual and intended use of proceeds
25 January 2022	HK\$33.1 million	General working capital of the Group	The amount has been used as intended.
15 March 2022	HK\$42.6 million	(i) HK\$20 million for the repayment of trade and bill payables; (ii) HK\$20 million for the repayment of other borrowings; (iii) HK\$2.6 million for general working capital of the Group	(i) HK\$20 million has been used as intended. (ii) HK\$20 million has been used as intended. (iii) The amount has been used as intended.
28 April 2022	HK\$42 million	Capital investment on new investment opportunities	The amount has not yet been utilized and shall be used as proposed.
31 May 2022	HK\$23.3 million	Working capital to expand existing business segment of the sale and distribution of merchandise	The amount has been used as intended.

Other than disclosed above, the Company had not conducted other fund-raising activity involving issue of its securities in the past 12 months immediately preceding the date of this announcement.

REASONS FOR PLACING

The Company is an investment holding company and together with its subsidiaries, the Group, is principally engaged in the business of sale and distribution of building and home improvement material and furnishings, and provision of interior design and engineering services in PRC.

As disclosed in the Company's annual report for the year ended 31 December 2021, the Company will continue to pursue its market expansion strategy in the Guangdong-Hong Kong-Macao Greater Bay Area by proactively seek for new project tenders and business opportunities with our corporate and governmental clients.

The Group's wholly-owned subsidiary, Jiyi Industrial Group (Shenzhen) Co., Ltd., recently won the general contractor contract for two charging station enhancement projects in Shenzhen, and at the same time, the Group is also actively participating in the bidding process for other sizable corporate interior design and construction engineering projects in the Guangdong-Hong Kong-Macao Greater Bay Area. The Group intends to use the proceeds from the placing as additional working capital to fund the existing projects as well as place bids on larger-scale project tenders and business opportunities with our corporate and governmental clients, all of which are anticipated to increase the profitability and/or expand the group's revenue streams for the business segment of the provision of interior design and engineering services.

The Board is of the view that the Placing will provide a good opportunity to raise additional funds to strengthen the financial position of the Company and facilitate its future development in the business segment of provision of interior design and engineering.

USE OF PROCEEDS

Assuming all the Placing Shares were allotted, issued and fully paid:

- (i) the gross proceeds from the Placing will amount to approximately HK\$80 million;
- (ii) the net proceeds from the Placing after deducting the placing fee and other relating expenses payable by the Company will amount to approximately HK\$78.8 million; and
- (iii) the net price per Placing Share will be approximately HK\$0.54.

It is expected that approximately HK\$78.8 million, representing all of the net proceeds from the Placing, will be used for as working capital to finance the expansion of the Group's existing business segment of the provision of interior design and engineering services by providing funding to the Group's existing projects and allowing the Group to place bids on larger-scale project tenders and business opportunities with our corporate and governmental clients.

Accordingly, the Directors are of the view that the Placing is in the best interest of the Company and its Shareholders as a whole.

Shareholders and potential investors should note that the Placing is subject to the fulfilment of the conditions under the Placing Agreement as set out in the section headed “Conditions of the Placing”. As the Placing may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	the board of Directors;
“Business Day”	any day (excluding Saturday and Sunday) on which banks are generally open for business in Hong Kong;
“Company”	Jiyi Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange;
“Completion Date”	a date not later than 4:00 p.m. on the fourth Business Day upon the fulfilment of the conditions set out in the Placing Agreement (or such other time or date as the Company and the Placing Agent may agree in writing);
“connected persons”	has the meaning ascribed thereto under the Listing Rules;
“Director(s)”	director(s) of the Company from time to time;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of PRC;
“Listing Committee”	has the meaning ascribed to such term in the Listing Rules;

“Long Stop Date”	15 August 2022 or such later date as may be agreed between the Company and the Placing Agent;
“Placees”	any independent individual, institutional or other investor procured by the Placing Agent to purchase any Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement;
“Placing”	the placing of Placing Shares pursuant to the terms of the Placing Agreement;
“Placing Agent”	Wings Securities (HK) Limited, a corporation licensed to carry on business in Type 1 (dealing in securities) regulated activities under the SFO;
“Placing Agreement”	a conditional placing agreement entered into between the Company and the Placing Agent dated 14 July 2022 in relation to the Placing;
“Placing Price”	the price of not less than HK\$0.55 per Placing Share;
“Placing Share(s)”	up to an aggregate of 145,450,000 new Shares to be placed under the Placing Agreement;
“PRC”	The People’s Republic of China;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary shares of HK\$0.1 each in the capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“substantial shareholder(s)” has the meaning ascribed to such terms in the Listing Rules;
and

“%” per cent.

By order of the Board of
Jiyi Holdings Limited
Hou Wei
Chairlady

Hong Kong, 14 July 2022

As at the date of this announcement, Ms. Hou Wei, Mr. Liu Xianxiu and Mr. Yang Baikang are the executive directors of the Company, Mr. Hou Bo is the non-executive director of the Company, and Mr. Ye Yihui, Mr. Ho Hin Yip and Mr. Hou Lianchang are the independent non-executive directors of the Company.